

## JUNE 2020 QUARTERLY RESULTS

### POSITIVE MARDIE DFS AND RECORD ANNUAL IRON VALLEY EARNINGS

- **Mardie DFS completed, confirming the Project can become a Tier 1 salt and SOP project**
  - Multi-generational project with green credentials
  - Production of 4.4Mtpa of high purity salt and 120ktpa of premium SOP fertiliser
  - Pre-tax NPV<sub>7</sub> of ~A\$1.2B and annual EBITDA of ~A\$200M
- **First Mardie salt samples sent to prospective customers for testwork**
- **Mardie Environmental Review Document accepted by the EPA for public review**
- **Mardie debt funding progressing further with NAIF, Australian and international banks**
- **Iron Valley quarterly EBITDA to BCI of A\$3.6M from 1.8Mt shipments**
- **Record FY20 annual Iron Valley EBITDA of A\$23.1M from 6.7Mt shipments**
- **Cash balance of ~A\$42M and zero debt. With a market cap of ~A\$70M, BCI has an enterprise value of A\$28M, meaning the market is ascribing limited value to Mardie and the Iron Valley royalty**

BCI Minerals Limited (ASX:BCI) is pleased to present its quarterly activities report for the period ended 30 June 2020.

### MARDIE SALT & POTASH PROJECT

The 100% owned Mardie Project will produce salt and sulphate of potash ("SOP") from seawater on the northwest coast of Western Australia, one of the world's premium locations for solar evaporation operations. Mardie is a unique and sustainable opportunity, which will use an inexhaustible seawater resource and apply mainly natural solar and wind energy to drive production of salt and SOP. Mardie can become a potential Tier 1 asset categorised by its long life, large scale and lowest quartile salt operating costs (after SOP by-product credits). High-quality salt and SOP products will be supplied into the Asian growth markets over a potential operating life of 60+ years.

### Definitive Feasibility Study ("DFS")

The DFS was completed during the quarter and results were announced on 1 July 2020. The DFS was managed by BCI with support from GR Engineering Services Limited (GRES) as lead DFS engineer. Additional support was provided by Worley, CMW Geosciences, Preston Consulting, RPS, Roskill, Argus Consulting, Braemar ACM Shipbroking, KPMG and others.

DFS outcomes indicate that the production of 4.4Mtpa of high purity salt and 120ktpa of premium SOP fertiliser is technically and financially viable, and confirm a compelling value proposition with a pre-tax NPV<sub>7</sub> of ~\$1.2B, supported by an attractive market opportunity and no insurmountable obstacles to development.

Key Project parameters and highlights of the DFS are shown in Table 1.

**Table 1: Key Project Parameters**

Key Project Parameters	
Production Rate	4.4Mtpa Salt (>99.5% NaCl) 120ktpa SOP (>52% K <sub>2</sub> O) (with optimisation and expansion potential)
Operating Life	Minimum 60 years
Site Conditions	Coastal location with ready access to seawater High temperature, low rainfall, low humidity and high wind – 2,895mm annual net evaporation Extensive mudflats (100km <sup>2</sup> ) hosting clay soils ideal to retain water in ponds Availability of construction materials
Environmental Approvals	>3 years surveys and studies; Public review process underway Ministerial approval targeted by early 2021
Production Processes	9 evaporation ponds 34 salt crystallisers and 18 SOP crystallisers Salt wash plant and SOP processing plant
Port Facility	Multi-user port with third party access capability 2.3km trestle jetty 3,000tph shiploader
Shipping	Transshipping using 12,000dwt self-propelled, self-unloading transshipment vessel Supramax, Panamax and Capesize vessels loaded 28km offshore
Personnel	Construction: peak workforce (onsite and offsite) of 470 Operations: steady-state workforce of 190
Economics (real, 2020 \$)	Capital costs: A\$779M (excluding working capital and funding costs) Salt all-in sustaining costs (AISC): A\$20.3/t FOB SOP AISC: A\$310/t FOB Pre-tax NPV <sub>7</sub> : A\$1,197M (ungeared) Annual EBITDA: A\$197M Significant value upside via optimisation and expansion options

Substantial additional Front End Engineering Design (“FEED”), approvals and tenure, ongoing site trials and early construction works are planned prior to first construction. This further commitment to de-risk the Project will provide a high confidence level in the cost estimates and the Project’s value and risk profile ahead of a Final Investment Decision (“FID”).

FID by the BCI Board is targeted in early 2021, after which the equity funding arrangements will be concluded. Construction can commence in Q2 2021, which will allow for first salt sales by mid-2024 and first SOP sales by mid-2025.

## Tenure and Approvals

The Mardie Project's Environmental Review Document ("ERD") was accepted by the WA Environmental Protection Authority ("EPA") during the quarter and released for public comment. The public review period will close during the September quarter. BCI is targeting EPA endorsement of the Mardie Project by late 2020 and final Ministerial approval by early 2021.

BCI is working closely with the Pilbara Ports Authority ("PPA") and the Department of Planning, Lands and Heritage ("DPLH") to secure the tenure and agreements required to develop the Mardie Port facilities within the new Cape Preston West Port area. Other tenure and access arrangements for the Project also continue to be progressed.

## Offtake

BCI has 13 non-binding salt offtake memoranda of understanding ("MOUs") in place across China, Japan and various South East Asian countries for potential offtake of up to 4.5Mtpa salt, representing more than 100% of production. The MOUs envisage offtake terms of 3-4 years. Two non-binding SOP MOUs in place with top tier companies for up to 90ktpa over 3-5 years, including with an industry leading Chinese fertiliser company for potential sales to China and other regions.

First salt samples were produced during the quarter from Mardie's evaporation trials and have been dispatched to prospective customers and testing laboratories. Samples will be sent to additional prospective customers in the September quarter.

With the DFS now complete and salt samples available, BCI will increase engagement with potential customers with the aim of progressing binding offtake agreements from late 2020 onwards.

**Figure 1: Mardie Salt Samples**



## Funding

BCI continues to discuss potential long tenor debt funding with the Federal Government’s Northern Australia Infrastructure Facility (“NAIF”). These discussions are progressing through the Due Diligence Stage, which is the third of NAIF’s four-stage assessment process. Positive negotiations continue with a number Australian and international banks regarding potential project finance debt, to complement any NAIF debt facilities. Recent completion of the DFS will allow detailed due diligence with NAIF and banks to commence in the September quarter, along with the refinement of potential structures and terms of the proposed debt funding.

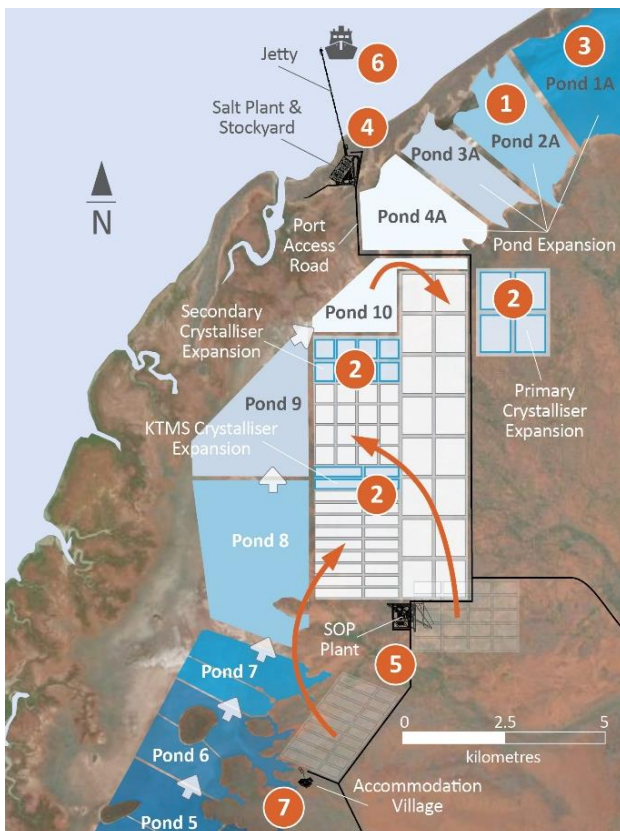
## Acquisition of Tenement Rights

During the quarter, BCI acquired rights to 112 square kilometres of coastal tenements immediately north-east of the Mardie Project. The tenements include a significant area of mudflats suitable for evaporation ponds and crystallisers, providing BCI with project optimisation opportunities and future expansion potential.

Optimisation changes could involve reconfiguring and expanding the evaporation ponds and crystallisers to increase production by up to 10%, enhance project operability and reduce operating costs based on scale. The optimisation opportunity will be developed further in the next 6-9 months in parallel with FEED work.

A longer-term expansion could increase production to 6.0Mtpa salt and 160ktpa SOP, by developing additional ponds and crystallisers to the north-east of the DFS layout or optimised layout. This would make Mardie one of the largest solar evaporation operations globally and could deliver considerable value upside.

**Figure 2: Potential Expansion Layout**



## IRON VALLEY MINE

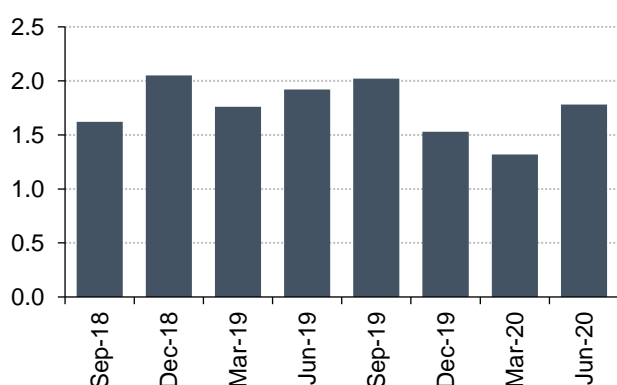
Iron Valley, which is operated by Mineral Resources Ltd (ASX:MIN), shipped 1.8Mt for the June 2020 quarter, comprising approximately 50% fines and 50% lump.

BCI's EBITDA from Iron Valley for the quarter was A\$3.6M, comprising an underlying EBITDA of A\$6.4M less a rebate to MIN of A\$2.8M in accordance with the amendment to the Iron Valley agreement with MIN in late-March 2020 to improve the longevity of the mine.

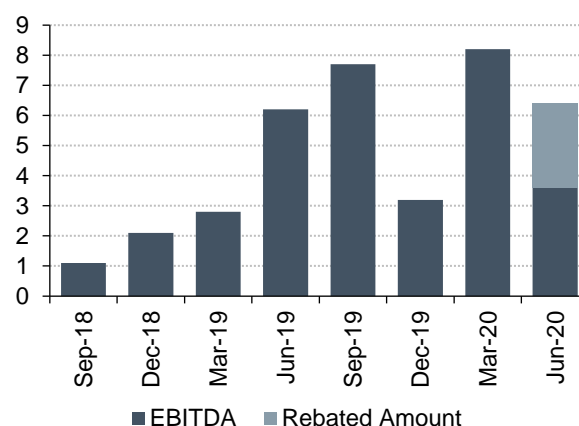
From a cash flow perspective, BCI's March 2020 quarter net receipts of A\$9.2M were received in April 2020 and June 2020 quarter net receipts of A\$2.1M will be received by end of July 2020. Differences between quarterly EBITDA and net receipts arise primarily due to timing differences from adjustments between the provisional and final pricing of certain shipments.

Total shipments for FY20 were 6.7Mt, generating BCI EBITDA of A\$23.1M. This is a record annual result, exceeding the FY17 Iron Valley EBITDA of A\$18.2M (from 8.0Mt shipments) by nearly A\$5M.

**Figure 3: Iron Valley Quarterly Shipments (M wmt)**



**Figure 4: Iron Valley Quarterly EBITDA (A\$M)**



## CORPORATE

### Cash and Debt Position

BCI's cash balance as at 30 June 2020 was A\$41.5M (31 March 2020: A\$33.7M) and the Company remains debt free.

Cash inflows for the quarter comprised A\$9.2M in Iron Valley net receipts from March 2020 quarter shipments and A\$6.8M in sale proceeds from the Buckland transaction and other tenement sales. Cash outflows for the quarter included A\$3.1M in Mardie DFS and other costs, A\$3.9M of transaction costs for the new northern tenement rights at Mardie and A\$1.1M in corporate and other costs.

BCI's current market capitalisation of ~A\$70M equates to an enterprise value of A\$28M, implying that limited value is being attributed by the market to future Iron Valley royalties and the 100% owned Mardie Project.

## Health & Safety

BCI continues to have an excellent safety record while site activities at the Mardie Project increase. No lost time injuries (“LTI”) were recorded during the quarter and BCI’s LTI-free period now exceeds 5 years.

Review and further improvement of the Company’s safety policies and procedures is ongoing in preparation for the future development of the Mardie Project.

## Board Appointment

Mr Garret Dixon was appointed to the BCI Board as Non-Executive Director during the quarter. Mr Dixon’s expertise covers the areas of construction, contracting, civil engineering and bulk commodity logistics, developed over 40 years of industry experience. His appointment adds important additional skills to the BCI Board leading into the final design, funding and construction phases of the Mardie Project.

-END-

This ASX announcement has been authorised for release by the Board of BCI Minerals Limited.

For further information:

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## ABOUT BCI MINERALS

BCI Minerals Limited (ASX:BCI) is an Australian-based company that is developing a salt and potash business supported by iron ore royalty earnings.

BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project located on the West Pilbara coast in the centre of Australia's key salt production region.

Mardie will produce 4.4Mtpa of high-purity salt (>99.5% NaCl) and 120ktpa of sulphate of potash (SOP) (>52% K<sub>2</sub>O) via solar evaporation of seawater. Using an inexhaustible seawater resource and a production process driven mainly by natural solar and wind energy, Mardie is a sustainable opportunity to supply the salt and potash growth markets in Asia over many decades.

A Definitive Feasibility Study (DFS) on the Mardie Project was completed in Q2 2020. A Final Investment Decision (FID) is targeted in early 2021 with first construction planned to commence by mid 2021.

BCI receives quarterly royalty earnings from Iron Valley, an iron ore mine located in the Central Pilbara region of Western Australia which is operated by Mineral Resources Limited (ASX:MIN). BCI's EBITDA from Iron Valley for FY20 was A\$23.1M.

## KEY STATISTICS

<b>Shares on issue:</b>	398.9 million	
<b>Cash in bank:</b>	\$41.5 million	as at 30 June 2020
<b>Board:</b>	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Jenny Bloom	Non-Executive Director
	Garret Dixon	Non-Executive Director
<b>Major shareholders:</b>	Wroxby Pty Ltd	29.2%
<b>Website:</b>	<a href="http://www.bciminerals.com.au">www.bciminerals.com.au</a>	